Juniper

Financial Internal Scrutiny Report
Academy
2022-23

Michaela Community School
January 2023

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Executive Summary

This report provides assurance that adequate controls are being operated within the trust, based on the understanding that the information provided during the review is accurate and complete. It should be noted however that recommendations to improve controls, if implemented, cannot guarantee that fraud or misappropriation could not occur.

Recommendations raised in the report issued should be considered by the board of trustees / Audit and Risk Committee to assist them in providing assurance over the suitability of, and compliance with, the systems and operational controls in place.

No fraud was identified or reported to us for the 2022-23 period. It remains the responsibility: of management to manage the control environment to help identify potential fraud and prevent the likelihood of fraud occurring.

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Introduction

The Academy trust handbook section 3.1 specifies “all academy trusts **must** have a programme of internal scrutiny to provide independent assurance to the board that its financial and non-financial controls and risk management procedures are operating effectively”. Providing that the trust has selected a scope of work for financial and non-financial controls and has considered its risk register, this Internal Scrutiny Report demonstrates how the trust meets the Academy trust handbook 2022 internal scrutiny requirements.

Please note that this report is an exception report and therefore only contains the details of any issues arising from the review of the scope of work detailed below.

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Scope

The relevant board, informed by its risk register approved the below scope of work:

Governance Framework - Review 1of2
Internal scrutiny of controls and processes relating to Policies, Transparency, Publication of information.
Financial Oversight & Appointments
Related Party Transactions - Register of Interests
Related Party Transactions - Declaration of Interest Forms
Related Party Transactions - Conflicts of Interest
Related Party Transactions - Reporting
Transparency - Publication
Transparency - GIAS
Suitability of members
Gifts
Risk
Business Continuity
Internal Scrutiny - Audit and Risk Committee
Whistleblowing
Unresolved Issues
Data protection

Banking
Review to establish the effectiveness of the controls and processes for banking and BACS transactions.
Bank Account Structure
Authorised Signatories
BACS
Bank Reconciliation
Sample testing of bank reconciliations
Cheque payments
Unresolved Issues

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Individual recommendations Key:

High Priority	Trustees must review this recommendation as a priority.
Medium Priority	Internal controls should be strengthened to minimise risk.
Low Priority	Internal control could be strengthened in line with best practice, but little risk of material loss.
Note/area of consideration	Comment for information only

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Summary of Findings

RAG	Finding	Recommendation
Governance Framework		
High Priority	It was advised that the academy's management of risks does not include contingency and business continuity planning. This issue was also raised as high priority last years report.	Section 2.39 of the Academy trust handbook states that the academy's management of risks must include contingency and business continuity planning. The academy should have an appropriate documented plan in place that sets out the contingency arrangements that would enable the academy to cope in an emergency situation. The plan should be formally reviewed, annually is recommended. Section 4.16 of the Academy trust handbook states that the board of trustees, taking advice from the audit and risk committee, must ensure there is an appropriate, reasonable and timely response by the trust's management team to findings by external auditors, taking opportunities to strengthen systems of financial management and control.
Management Response:	AM to discuss Business Continuity Plan with Operations Manager on her return from maternity leave.	*Responsibility / Due Date:* AM/end of summer term
Banking		
Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified.		

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Notes / Areas for Consideration

Governance Framework	
Financial Oversight & Appointments	It was advised by the Finance Manager that the board of trustees will meet three times during the current academic year; however this could not be evidenced at the time of the review.
*Related Party Transactions - **INTERNAL Register of Interests***	Section 5.45 of the Academy trust handbook states "The academy trust's register of interests must capture relevant business and pecuniary interests of ...senior employees..." The Department for Education publication, "Academy Trust Governance - Structures and Role Descriptors" defines Executive Leaders as: "those held to account by the board for the performance of the organisation. This may be the CEO, executive Headteacher, Headteacher or principal, as well as other senior employees/staff, depending on the structure of the organisation" For the purpose of this review it was verified that the Headteacher was included on the academy trust's register of interests however, it is advised that the trust ensures the register captures all other members of staff it considers to be 'senior employees'.
Banking	
Bank Reconciliation	At the time of the review, it could not be evidence that the most recent bank reconciliations had been independently reviewed. An independent management review of completed bank reconciliations should be carried out monthly and evidenced with a dated signature.

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Key Contacts

Juniper Education Review Consultant	Glenys Keeble
Juniper Review Programme Manager	Joanne Ward FCCA
Information Provided by	Finance Manager
Exit meeting attended by	Finance Manager
Chair of the Board of Trustees	Chidi Amadi
Accounting Officer / Headteacher	Katharine Birbalsingh
CFO / Finance Manager	Ali Mansfield
Financial Accounting System	Sage 50 Accounts Professional

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EMERGING ISSUES

INTEGRATED CURRICULUM AND FINANCIAL PLANNING (ICFP)

Integrated curriculum and financial planning is a management process that helps schools plan the best curriculum for their pupils with the funding they have available. It can be used at any phase or type of school. ICFP involves measuring your current curriculum, staffing structure and finances, and using the data to create a 3- to 5-year plan. Linking curriculum and financial planning can help you: achieve educational success and financial sustainability; deliver the best curriculum your school can afford that meets the needs of your pupils.

Free ICFP tools are available for different school types on the DofE website. Juniper is also able to offer an ICFP Health Check as part of your trust's internal scrutiny program, . If you would like more information about this, please contact carly.quickcrockford@junipereducation.org

CYBER SECURITY

Cyber security has continued to be a growing area of concern and risk over the past 18 months, with more people working remotely and an increased frequency of email hacking, phishing and malvertising. The July 2020 governance update advises that schools should include an assessment of cyber security within their risk registers, and the ESFA have produced further guidance and suggested questions that trustees can ask on the National Cyber Security Centre website.

GDPR

An increasing number of schools are incurring unplanned costs, both direct and indirect, because of the increase in basic, and easily avoidable, data protection incidents and poorly managed school communications. This is combined with the increasing awareness of data subject of their right to bring a claim [on average in the order of £5,000 per claimant], directly against a school, leading to considerable potential risk to a school. Our GPDR associate has created a briefing video which helps you understand the changing risk to your school and employ some basic strategies and resources to help mitigate them and protect your school against unplanned costs. If you would like access to this briefing, please contact carly.quickcrockford@junipereducation.org

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USEFUL LINKS

ACADEMY TRUST HANDBOOK

The Academy trust handbook 2022 is effective from September 2022. Trustees should ensure that they have read this document and noted any changes to ensure any new requirements are adhered to.

ATH 2022 (publishing.service.gov.uk)

INTERNAL SCRUTINY IN ACADEMY TRUSTS

This good practice guide provides guidance for trustees, audit and risk committees, accounting officers, and chief financial officers (CFOs) in academy trusts.

Internal scrutiny in academy trusts - GOV.UK (www.gov.uk)

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